

# **EXHIBIT 54**



## **Financial Oversight and Management Board for Puerto Rico**

### **MEDIA RELEASE**

For Immediate Release

### **STATEMENT FROM THE OVERSIGHT BOARD ON PENSIONS**

*(San Juan, PR – May 17, 2019)* – The Financial Oversight and Management Board for Puerto Rico today released the following statement on pensions:

“The Oversight Board does not want to cut pensions. Fiscal and legal constraints on Puerto Rico force the Oversight Board to reform pensions, not ideology.

Decades of financial mismanagement, underfunding, and borrowing from people’s pensions have left the retirement systems for the central government, teachers, and judges with virtually no money. Had the Commonwealth not started paying for pensions out of the general operating budget, pensioners would have stopped receiving pension checks by now. But that means the Commonwealth general operating budget has to find the money to pay pensions, which cost roughly \$2.5 billion a year. In the past, governments simply raided the retirement systems and borrowed from creditors to find the money to pay pensions. Now the retirement systems are effectively broke and the Government cannot borrow money. The Oversight Board does not doubt the Governor’s sincere desire to pay pensions in full, now and forever, but the unfortunate reality is that the Commonwealth does not have the money to do so.

The Oversight Board’s pension reform policy reduces the cost of pensions by over \$10 billion over the next 30 years to make pensions affordable and sustainable for the Commonwealth. Combined with the other reforms in the Fiscal Plan, this pension reform ensures that future governments will always have the resources to be able to pay pensions for current and future retirees. This means that never again will pensioners be put in the position of doubting whether they will receive their hard-earned pension.

Pensioners in Puerto Rico are not to blame for the situation that the Commonwealth and the retirement systems are in. Pensioners are the victims of past governments’ irresponsible behavior. The Oversight Board’s pension reform is designed to right these wrongs by making

pensions affordable and sustainable for the Commonwealth while complying with the limitations imposed by the PROMESA law.

The Oversight Board also notes that under PROMESA's Title III process, pensioners are considered unsecured creditors whose treatment under a plan of adjustment will have to be approved by a court. PROMESA provides that only the Oversight Board can propose what recovery pensioners will receive, not the Governor, but anything the Oversight Board proposes has to be approved by a court. Other creditors of the Commonwealth, such as bondholders, will argue to the court that money going to pay pensions should instead go to the payment of the Commonwealth's bonds. Some of these bondholders will argue that the Puerto Rico Constitution requires that debt must be paid before pensions.

The Oversight Board will fight to provide pensioners with as much of their pension as possible, but legally the Oversight Board cannot expect the court to allow pensions to be paid in full when the bondholders receive much less than what they are owed. That is why the Oversight Board developed a pension reform policy that has been part of every Fiscal Plan since 2017 that produces an overall recovery of more than 90% to pensioners and tries to limit the cuts to those who are better able to afford it."

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The Financial Oversight and Management Board for Puerto Rico was created under the bipartisan Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) of 2016. The purpose of the Oversight Board is to provide a method for Puerto Rico to achieve fiscal responsibility and access to the capital markets.

Website: [www.oversightboard.pr.gov](http://www.oversightboard.pr.gov)

Contact (Puerto Rico):  
Forculus Strategic Communications  
José Luis Cedeño  
787-400-9245  
[jcedeno@forculuspr.com](mailto:jcedeno@forculuspr.com)  
[info@forculuspr.com](mailto:info@forculuspr.com)

Contact (Mainland):  
APCO Worldwide  
Kevin Kearney  
202-446-1240  
[kkearney@apcoworldwide.com](mailto:kkearney@apcoworldwide.com)